

Message Text

CONFIDENTIAL

PAGE 01 JIDDA 01609 061558Z

65-60

ACTION NEA-06

INFO OCT-01 SS-14 ISO-00 EB-03 H-01 INR-05 L-01 PM-03

SAM-01 /035 W

----- 050280

R 061240Z MAR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0481

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 1609

LIMDIS

E.O.: 11652: GDS

TAGS: ENRG, SA

SUBJ: OPERATION OF TAPLINE

REF : BEIRUT 2574, JIDDA 1237, AND PREVIOUS

SUMMARY: ARAMCO/TAPLINE INTENDS TO CLOSE DOWN TAPLINE SOON BECAUSE OF THE REFUSAL OF JORDAN AND LEBANON TO PAY FOR \$110 MILLION WORTH OF OIL THEY HAVE ALREADY RECEIVED. SAUDI ARABIA WOULD PROBABLY BE WILLING TO ABANDON THE LINE AND RELY ENTIRELY ON TANKERS. END SUMMARY

1. TAPLINE IS NOW CLOSED EXCEPT FOR AROUND 13,000 OR 14,000 BBLS/DAY GOING TO ZARKA REFINERY IN JORDAN. SIDON HAS AROUND 3 MILLION BARRELS IN STORAGE WHICH WILL KEEP THE LEBANESE MEDRECO REFINERY OPERATING FOR ANOTHER SIX MONTHS.

2. JORDAN HAS ASKED TAPLINE TO INCREASE THE THROUGHPUT TO AROUND 18,000 BBLS/DAY BUT THE COMPANY IS REFUSING. BOTH LEBANON AND JORDAN HAVE NOT PAID FOR OIL THEY RECEIVED BUT ARE OFFSETTING PAYMENT FOR FUTURE THEORETICAL TRANSIT FEES. AT PRESENT, ACCORDING TO ARAMCO MANAGEMENT, THE TWO COUNTRIES

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JIDDA 01609 061558Z

TOGETHER OWE TAPLINE \$110 MILLION. ALTHOUGH SOME OF THIS

IS BASED ON THE MUCH HIGHER SIDON POSTED PRICE, SOMEWHAT OVER \$90 MILLION WOULD HAVE TO COME OUT OF THE POCKETS OF THE ARAMCO PARENT COMPANIES IF THE TWO GOVERNMENTS DO NOT PAY. THEY ARE NOT PLEASED WITH THIS PROSPECT.

3. ARAMCO HAS INFORMED THE SAUDI GOVERNMENT OF THIS PROBLEM AND HAS ASKED FOR ITS VIEWS.

4. TAPLINE HAS LONG SINCE BEEN AMORTIZED AND THE SAUDI GOVERNMENT HAS SHOWN NO DESIRE TO TAKE OVER A COMPANY WITH NOT BOOK VALUE AND \$110 MILLION IN DEBT. THE SAG HAS GIVEN ARAMCO/TAPLINE NO COMFORT AND NO ADVICE.

5. ARAMCO WOULD LIKE TO CLOSE TAPLINE, AS THE OVERHEAD COSTS ON THE PIPELINE ARE HIGH. RUNNING IT JUST FOR JORDAN AND LEBANON CONSUMPTION WOULD RESULT IN TRANSIT COSTS OF CLOSE TO \$4.00/BBL. AND PERMANENT LOSS.

6. TAPLINE INTENDS TO START REDUCING ITS WORK FORCE IN LEBANON SOON AND IS EXPECTING SERIOUS LABOR DIFFICULTIES AS A RESULT. THERE ARE ABOUT 300 TAPLINE WORKERS IN SIDON AT PRESENT.

7. ACCORDING TO ARAMCO OFFICIALS, THE SOTRIES THAT TAPLINE IS INHERENTLY NO LONGER A VIABLE OPERATION ARE UNTRUE.
AKINS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PIPELINES, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA01609
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750079-0830
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750377/aaaacrgy.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 BEIRUT 2574, 75 JIDDA 1237
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 12 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 AUG 2003 by izenbei0>; APPROVED <02 DEC 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPERATION OF TAPLINE
TAGS: ENRG, SA, TAPLINE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006